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September 19, 2007

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

FILED
2007 SEP 19 P 4:13
PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2006-0387
MECO 2007 Test Year Rate Case – June 2007 Updates – Set #5

Enclosed is the fifth set of updates to Maui Electric Company, Limited's ("MECO") 2007 test year estimates reflected in the Application, Direct Testimonies, Exhibits and Workpapers filed with the Commission on February 23, 2007. This set includes updates to the following:

- MECO T-15 – Gayle T. Ohashi

Very truly yours,

Dean K. Matsuura
Manager, Regulatory Affairs

Enclosure

cc: Division of Consumer Advocacy
Sawvel & Associates, Inc.
Utilitech, Inc.

JUNE 2007 UPDATE

Ref: Gayle T. Ohashi, MECO T-15, Rate Base

The following updates were made to MECO T-15 including:

- Rate base components and rate base amounts.
- Refined method of calculating working cash and lag days.
 - Updates to working cash due to proposed implementation of pension tracking mechanism.
 - Updates to working cash due to proposed implementation of OPEB tracking mechanism.
 - Updates to the fuel expense payment lag days.

Rate Base

Rate base has been updated and is shown on page 6 for the Maui Division, page 12 for the Lanai Division and page 18 for the Molokai Division. Updated rate base on a consolidated basis is shown on page 5. The updated rate base components were provided by the applicable witness and are referenced accordingly. Support and discussion of the updated rate base components are provided by the applicable witness.

Working Cash Calculation

The estimate of working cash has been updated and is shown on page 11 for the Maui Division, page 17 for the Lanai Division and page 23 for the Molokai Division. The updated estimates of the working cash annual expense amounts are also shown on these pages in Column D. Updates to the test year estimates of the expense amounts are provided by the

MECO witnesses who present the Company's estimates of operating expenses. MECO has also made refinements to the working cash calculation due to the implementation of the pension and OPEB tracking mechanisms as discussed by Mr. Lyle Matsunaga (T-9) in the June 2007 Update. The updated payment lags are as shown in Column B on page 11 for the Maui Division, page 17 for the Lanai Division and page 23 for the Molokai Division.

Pension

The proposed pension tracking mechanism as discussed by Mr. Lyle Matsunaga (T-9) in the June 2007 Update resulted in several changes to the calculation of working cash. Changes include calculating the payment lag for test year pension expense (NPPC) and adjusting the *working cash calculation for the pension asset amortization.*

The pension tracking mechanism requires MECO to make contributions to the pension plan equal to the NPPC. Therefore, a payment lag of 14 days was calculated for pension expense and included in the updated calculation of the weighted average payment lag for O&M non-labor as shown on page 27. The payment lag for pension expense was determined based on the anticipated monthly payments that would have been made or will be made upon implementation of the pension tracking mechanism. Details of the pension payment lag study are provided on page 28. However, if the pension tracking mechanism is not implemented, the payment lag for pension expense would be zero as previously submitted in direct testimony on MECO-WP-1507, page 23 and as described in MECO T-15.

The pension tracking mechanism proposes amortization of the pension asset in rate base over a five year period. Therefore, the pension asset amortization expense is included in the test year revenue requirement and included as a separate component of working cash.

The amortization expense is included in working cash with a revenue collection lag consistent with all other items (36 days) and a payment lag of zero. The revenues associated with the amortization expense are not received at the same time the expense is recognized and are subject to the same revenue collection lag as any other item. As stated in MECO T-15, MECO's position is that all revenues should be included in the calculation of working cash needs associated with the revenue collection lag.

The payment lag days for amortization expense is zero. As discussed in MECO T-15, a payment lag occurs when the Company incurs an obligation to pay for an item or service before the Company actually pays for it. Because the amortization expense relates to payment and *expense recognition prior to the test year which is captured in the pension asset amount in rate* base, MECO has applied a zero day payment lag to the amortization expense as shown on page 29.

OPEB

The proposed OPEB tracking mechanism as discussed by Mr. Lyle Matsunaga (T-9) in the June 2007 Update resulted in a change to the payment lag for test year OPEB expense (NPPBC).

The OPEB tracking mechanism requires MECO to make contributions to the OPEB plan equal to the NPPBC. Therefore, a payment lag of 84 days was calculated for OPEB expense and included in the updated calculation of the weighted average payment lag for O&M non-labor as shown on page 27. The payment lag for OPEB expense was determined based on the anticipated quarterly payments that have been made or will be made to the OPEB trust accounts. Details of the study are provided on page 28. However, if the OPEB tracking mechanism is not

implemented the payment lag for OPEB expense would be zero as previously submitted in direct testimony on MECO-WP-1507, page 26 and as described in MECO T-15.

Fuel Expense Payment Lag

MECO performed a lead lag study of 2006 payments made to Pacific Biodiesel and calculated payment lag days of 28, which is shown on page 26. However, this did not change the total weighted average fuel expense payment lag days as shown on page 25. Therefore, the fuel expense payment lag days for the Maui Division is unchanged in this update and is 16 days, as was presented in direct testimony at MECO-WP-1507, page 1.

Maui Electric Company, Ltd.
Consolidated
2007 Average Rate Base
(\$ in thousands)

			June 2007 Update 2007
Investment in Assets Serving Customers	<u>12/31/2006</u>	<u>12/31/2007</u>	
Net Cost of Plant in Service	428,495	436,323	432,409
Property Held for Future Use	2,633	2,633	2,633
Fuel Inventory	15,811	15,811	15,811
Materials & Supplies Inventories	10,755	10,755	10,755
Unamortized Net SFAS 109 Regulatory Asset	7,688	7,817	7,753
Pension Asset	5,223	1,209	3,216
OPEB Amount	0	0	0
Unamortized System Development Costs	0	0	0
Working Cash at Present Rates	7,733	7,733	7,733
Total Investments in Assets	<u>478,338</u>	<u>482,281</u>	<u>480,310</u>
Funds from Non-Investors			
Unamortized CIAC	52,701	61,560	57,131
Customer Advances	4,845	5,746	5,296
Customer Deposits	3,381	3,979	3,680
Accumulated Deferred Income Taxes	19,174	14,425	16,800
Unamortized ITC	11,167	12,109	11,638
Total Deductions	<u>91,268</u>	<u>97,819</u>	<u>94,544</u>
Average Rate Base at Present Rates			385,766
Change in Working Cash			(213)
Average Rate Base at Proposed Rates			<u><u>385,553</u></u>

NOTE: Totals may not add exactly due to rounding.

Maui Electric Company, Ltd.
Maui Division
2007 Average Rate Base
(\$ in thousands)

Investment in Assets Serving Customers	<u>12/31/2006</u>	<u>12/31/2007</u>	Average for <u>2007</u>	MECO <u>Reference</u>
Net Cost of Plant in Service	393,842	403,832	398,837	p. 7*
Property Held for Future Use	2,633	2,633	2,633	MECO-1405
Fuel Inventory	14,629	14,629	14,629	MECO-408
Materials & Supplies Inventories	10,436	10,436	10,436	p. 8*
Unamortized Net SFAS 109				
Regulatory Asset	6,852	7,007	6,930	T-13*
Pension Asset	4,852	1,126	2,989	T-9*
OPEB Amount	0	0	0	T-9*
Unamortized System Development Costs	0	0	0	T-9*
Working Cash at Present Rates	7,122	7,122	7,122	p. 11*
Total Investments in Assets	440,366	446,785	443,576	
Funds from Non-Investors				
Unamortized CIAC	47,659	55,904	51,782	p. 9*
Customer Advances	4,499	5,427	4,963	p. 10*
Customer Deposits	3,136	3,690	3,413	T-7*
Accumulated Deferred Income Taxes	17,591	13,234	15,413	T-13*
Unamortized ITC	10,244	11,108	10,676	T-13*
Total Deductions	83,129	89,363	86,246	
Average Rate Base at Present Rates			357,330	
Change in Working Cash			(174)	p. 11*
Average Rate Base at Proposed Rates			357,156	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Maui Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	704,693	(310,851)	393,842	
ESTIMATED CHANGES in 2007:				
Net Plant Additions	37,106		37,106	MECO-1401*
Cost of Removal		1,232	1,232	MECO-1202*
Salvage		(89)	(89)	MECO-1202*
Depreciation Accrual		(28,259)	(28,259)	MECO-1202*
Retirements ¹	(1,269)	1,269	0	MECO-1202*
Estimated Balances - 12/31/07	<u>740,530</u>	<u>(336,698)</u>	<u>403,832</u>	
AVERAGE 2007 BALANCE			<u><u>398,837</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Maui Division
Materials & Supplies Inventory
(\$ in thousands)

	12/31/2006	12/31/2007	Average for 2007	MECO Reference
Production Inventory	7,281	7,281	7,281	T-5*
Adjustment to Inventory related to Accounts Payable	(309)	(309)	(309)	MECO-WP- 1504
Adjusted Production Inventory	6,972	6,972	6,972	(a)
Transmission & Distribution Inventory	3,872	3,872	3,872	CA-IR-111
Adjustment to Inventory related to Accounts Payable	(454)	(454)	(454)	MECO-WP- 1504
Adjusted T&D Inventory	3,418	3,418	3,418	(b)
Lube Oil Inventory	129	129	129	MECO-509
Adjustment to Inventory related to Accounts Payable	(83)	(83)	(83)	MECO-WP- 1504
Adjusted Lube Oil Inventory	46	46	46	(c)
Total Materials & Supplies	10,436	10,436	10,436	(a) + (b) + (c)

NOTE: Totals may not add exactly due to rounding.

*Reference to June 2007 Update.

Maui Electric Company, Ltd.
Maui Division
Unamortized Contributions In Aid of Construction
(\$ in thousands)

		<u>MECO Reference</u>
RECORDED BALANCE - 12/31/06	47,659	
ESTIMATED CHANGES in 2007:		
Cash Receipts	3,314	MECO-1406*
In-Kind Receipts	6,931	MECO-1406*
Transfer from Advances	212	MECO-1406*
Amortization	<u>(2,212)</u>	MECO-1204*
ESTIMATED BALANCE - 12/31/07	55,904	
AVERAGE 2007 BALANCE	<u><u>51,782</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Maui Division
Customer Advances
(\$ in thousands)

		<u>MECO Reference</u>
RECORDED BALANCE - 12/31/06	4,499	
ESTIMATED CHANGES in 2007:		
Receipts	1,978	MECO-1407*
Refunds	(838)	MECO-1407*
Transfers to Contributions	<u>(212)</u>	MECO-1407*
ESTIMATED BALANCE - 12/31/07	5,427	
AVERAGE 2007 BALANCE	<u><u>4,963</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Maui Division
WORKING CASH ITEMS, 2007
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Present Rates (D) / 365	(F) Working Cash Required (Provided) under Present Rates (C) x (E)	(G) Average Daily Amount - Proposed Rates (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
	per MECO- 714	MECO WP-1507								
ITEMS REQUIRING WORKING CASH:										
					CA-IR-304					
Fuel Purchases	36	p. 1	16	20		166,525	456	9,125	456	9,125
O&M Labor	36	p. 9	12	24		16,653	46	1,095	46	1,095
		JUNE 2007								
O&M Nonlabor	36	UPDATE p. 27	35	1		29,346	80	80	80	80
		JUNE 2007								
Pension Asset Amortization	36	UPDATE p. 29	0	36		225	1	22	1	22
ITEMS PROVIDING WORKING CASH:										
Purchased Power	36	p. 6	41	(5)		33,982	93	(466)	93	(466)
Revenue Taxes - Present Rates	36	p. 27	68	(32)		29,665	81	(2,601)		
Revenue Taxes - Proposed Rates	36	p. 27	68	(32)		30,990			85	(2,717)
Income Taxes - Present Rates	36	p. 30	40	(4)		12,245	34	(134)		
Income Taxes - Proposed Rates	36	p. 30	40	(4)		17,553			48	(192)
Total WORKING CASH							<u>7,122</u>		<u>6,947</u>	
Change in WORKING CASH									<u>(174)</u>	

NOTE: Totals may not add exactly due to rounding.

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Maui Electric Company, Ltd.
Lanai Division
2007 Average Rate Base
(\$ in thousands)

<u>Investment in Assets</u> <u>Serving Customers</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>Average for</u> <u>2007</u>	<u>MECO</u> <u>Reference</u>
Net Cost of Plant in Service	15,950	14,949	15,450	p. 13*
Property Held for Future Use	0	0	0	
Fuel Inventory	550	550	550	MECO-408
Materials & Supplies Inventories	141	141	141	p. 14*
Unamortized Net SFAS 109				
Regulatory Asset	385	373	379	T-13*
Pension Asset	135	33	84	T-9*
OPEB Amount	0	0	0	T-9*
Unamortized System Development Costs	0	0	0	T-9*
Working Cash at Present Rates	329	329	329	p. 17*
Total Investments in Assets	17,490	16,375	16,933	
<u>Funds from Non-Investors</u>				
Unamortized CIAC	2,004	2,008	2,006	p. 15*
Customer Advances	186	227	207	p. 16*
Customer Deposits	83	98	91	T-7*
Accumulated Deferred Income Taxes	730	549	640	T-13*
Unamortized ITC	426	462	444	T-13*
Total Deductions	3,429	3,344	3,387	
Average Rate Base at Present Rates			13,546	
Change in Working Cash			(23)	p. 17*
Average Rate Base at Proposed Rates			13,523	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Lanai Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	29,593	(13,643)	15,950	
ESTIMATED CHANGES in 2007:				
Net Plant Additions	304		304	MECO-1401*
Cost of Removal		54	54	MECO-1202*
Salvage			0	MECO-1202*
Depreciation Accrual		(1,359)	(1,359)	MECO-1202*
Retirements ¹	(1)	1	0	MECO-1202*
Estimated Balances - 12/31/07	<u>29,896</u>	<u>(14,947)</u>	<u>14,949</u>	
AVERAGE 2007 BALANCE			<u><u>15,450</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Lanai Division
Materials & Supplies Inventory
(\$ in thousands)

	12/31/2006	12/31/2007	Average for 2007	MECO Reference
Production Inventory	86	86	86	T-5*
Adjustment to Inventory related to Accounts Payable	(5)	(5)	(5)	MECO-WP- 1510
Adjusted Production Inventory	81	81	81	(a)
Transmission & Distribution Inventory	67	67	67	CA-IR-111
Adjustment to Inventory related to Accounts Payable	(12)	(12)	(12)	MECO-WP- 1510
Adjusted T&D Inventory	55	55	55	(b)
Lube Oil Inventory	9	9	9	MECO-509
Adjustment to Inventory related to Accounts Payable	(4)	(4)	(4)	MECO-WP- 1510
Adjusted Lube Oil Inventory	5	5	5	(c)
Total Materials & Supplies	141	141	141	(a) + (b) + (c)

NOTE: Totals may not add exactly due to rounding.

*Reference to June 2007 Update.

Maui Electric Company, Ltd.
Lanai Division
Unamortized Contributions In Aid of Construction
(\$ in thousands)

		<u>MECO Reference</u>
RECORDED BALANCE - 12/31/06	2,004	
ESTIMATED CHANGES in 2007:		
Cash Receipts	92	MECO-1406*
In-Kind Receipts	0	MECO-1406*
Transfer from Advances	0	MECO-1406*
Amortization	<u>(88)</u>	MECO-WP-1204
ESTIMATED BALANCE - 12/31/07	2,008	
AVERAGE 2007 BALANCE	<u><u>2,006</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Lanai Division
Customer Advances
(\$ in thousands)

		<u>MECO Reference</u>
RECORDED BALANCE - 12/31/06	186	
ESTIMATED CHANGES in 2007:		
Receipts	68	MECO-1407*
Refunds	(27)	MECO-1407*
Transfers to Contributions	<u>0</u>	MECO-1407*
ESTIMATED BALANCE - 12/31/07	227	
AVERAGE 2007 BALANCE	<u><u>207</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Lanai Division
WORKING CASH ITEMS, 2007
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Present Rates (D) / 365	(F) Working Cash Required (Provided) under Present Rates (C) x (E)	(G) Average Daily Amount - Proposed Rates (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
per MECO-714										
ITEMS REQUIRING WORKING CASH:										
Fuel Purchases	36	MECO WP-1513 p. 1	15	21	CA-IR-304	6,173	17	355	17	355
O&M Labor	36	MECO WP-1507 p. 9	12	24		724	2	48	2	48
O&M Nonlabor	36	JUNE 2007 UPDATE p. 27	35	1		1,151	3	3	3	3
Pension Asset Amortization	36	JUNE 2007 UPDATE p. 29	0	36		7	0	1	0	1
ITEMS PROVIDING WORKING CASH:										
Revenue Taxes - Present Rates	36	MECO WP-1507 p. 27	68	(32)		896	2	(79)		
Revenue Taxes - Proposed Rates	36	p. 27	68	(32)		1,074			3	(94)
Income Taxes - Present Rates	36	p. 30	40	(4)		(58)	(0)	1		
Income Taxes - Proposed Rates	36	p. 30	40	(4)		654			2	(7)
Total WORKING CASH								<u>329</u>		<u>305</u>
Change in WORKING CASH										<u>(23)</u>

NOTE: Totals may not add exactly due to rounding.

Maui Electric Company, Ltd.
Molokai Division
2007 Average Rate Base
(\$ in thousands)

<u>Investment in Assets Serving Customers</u>	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>Average for 2007</u>	<u>MECO Reference</u>
Net Cost of Plant in Service	18,703	17,542	18,123	p. 19*
Property Held for Future Use	0	0	0	
Fuel Inventory	632	632	632	MECO-408
Materials & Supplies Inventories	178	178	178	p. 20*
Unamortized Net SFAS 109 Regulatory Asset	451	437	444	T-13*
Pension Asset	236	50	143	T-9*
OPEB Amount	0	0	0	T-9*
Unamortized System Development Costs	0	0	0	T-9*
Working Cash at Present Rates	282	282	282	p. 23*
Total Investments in Assets	20,482	19,121	19,802	
<u>Funds from Non-Investors</u>				
Unamortized CIAC	3,038	3,648	3,343	p. 21*
Customer Advances	160	92	126	p. 22*
Customer Deposits	162	191	177	T-7*
Accumulated Deferred Income Taxes	853	642	748	T-13*
Unamortized ITC	497	539	518	T-13*
Total Deductions	4,710	5,112	4,911	
Average Rate Base at Present Rates			14,891	
Change in Working Cash			(16)	p. 23*
Average Rate Base at Proposed Rates			14,875	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum. Depreciation, Removal Reg. Liability, Acc. Retirement Oblig.</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	34,486	(15,783)	18,703	
ESTIMATED CHANGES in 2007:				
Net Plant Additions	95		95	MECO-1401*
Cost of Removal		40	40	MECO-1202*
Salvage		(4)	(4)	MECO-1202*
Depreciation Accrual		(1,292)	(1,292)	MECO-1202*
Retirements ¹	(44)	44	0	MECO-1202*
Estimated Balances - 12/31/07	<u>34,537</u>	<u>(16,995)</u>	<u>17,542</u>	
AVERAGE 2007 BALANCE			<u><u>18,123</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
Materials & Supplies Inventory
(\$ in thousands)

	12/31/2006	12/31/2007	Average for 2007	MECO Reference
Production Inventory	57	57	57	T-5*
Adjustment to Inventory related to Accounts Payable	(2)	(2)	(2)	MECO-WP- 1516
Adjusted Production Inventory	55	55	55	(a)
Transmission & Distribution Inventory	148	148	148	CA-IR-111
Adjustment to Inventory related to Accounts Payable	(27)	(27)	(27)	MECO-WP- 1516
Adjusted T&D Inventory	121	121	121	(b)
Lube Oil Inventory	9	9	9	MECO-509
Adjustment to Inventory related to Accounts Payable	(7)	(7)	(7)	MECO-WP- 1516
Adjusted Lube Oil Inventory	2	2	2	(c)
Total Materials & Supplies	178	178	178	(a) + (b) + (c)

NOTE: Totals may not add exactly due to rounding.

*Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
Unamortized Contributions In Aid of Construction
(\$ in thousands)

		MECO <u>Reference</u>
RECORDED BALANCE - 12/31/06	3,038	
ESTIMATED CHANGES in 2007:		
Cash Receipts	647	MECO-1406*
In-Kind Receipts	0	MECO-1406*
Transfer from Advances	108	MECO-1406*
Amortization	<u>(145)</u>	MECO-1204*
ESTIMATED BALANCE - 12/31/07	3,648	
AVERAGE 2007 BALANCE	<u><u>3,343</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
Customer Advances
(\$ in thousands)

		MECO <u>Reference</u>
RECORDED BALANCE - 12/31/06	160	
ESTIMATED CHANGES in 2007:		
Receipts	42	MECO-1407*
Refunds	(2)	MECO-1407*
Transfers to Contributions	<u>(108)</u>	MECO-1407*
ESTIMATED BALANCE - 12/31/07	92	
AVERAGE 2007 BALANCE	<u><u>126</u></u>	

NOTE: Totals may not add exactly due to rounding.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
WORKING CASH ITEMS, 2007
(\$ in thousands)

	(A) Revenue Collection Lag (Days)	Payment Lag Workpaper Reference	(B) Payment Lag (Days)	(C) Net Collection Lag (Days) (A) - (B)	Annual Amount Workpaper Reference	(D) Annual Amount	(E) Average Daily Amount - Present Rates (D) / 365	(F) Working Cash Required (Provided) under Present Rates (C) x (E)	(G) Average Daily Amount - Proposed Rates (D) / 365	(H) Working Cash Required (Provided) under Proposed Rates (C) x (G)
per MECO-714										
ITEMS REQUIRING WORKING CASH:										
Fuel Purchases	36	MECO WP-1519 p. 1	20	16	CA-IR-304	7,247	20	318	20	318
O&M Labor	36	MECO WP-1507 p. 9	12	24		916	3	60	3	60
O&M Nonlabor	36	JUNE 2007 UPDATE p. 27	35	1		1,661	5	5	5	5
Pension Asset Amortization	36	JUNE 2007 UPDATE p. 29	0	36		10	0	1	0	1
ITEMS PROVIDING WORKING CASH:										
Revenue Taxes - Present Rates	36	MECO WP-1507 p. 27	68	(32)		1,129	3	(99)		
Revenue Taxes - Proposed Rates	36	p. 27	68	(32)		1,248			3	(109)
Income Taxes - Present Rates	36	p. 30	40	(4)		235	1	(3)		
Income Taxes - Proposed Rates	36	p. 30	40	(4)		711			2	(8)
Total WORKING CASH								<u>282</u>		<u>266</u>
Change in WORKING CASH										<u>(16)</u>

NOTE: Totals may not add exactly due to rounding.

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MECO T-15
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MECO-1519
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Maui Electric Company, Ltd.
Maui Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	704,693	(278,561)	(32,290)	393,842	
ESTIMATED CHANGES in 2007:					
Net Plant Additions	37,106			37,106	MECO-1401*
Cost of Removal		1,232		1,232	MECO-1202*
Salvage		(89)		(89)	MECO-1202*
Depreciation Accrual		(28,259)		(28,259)	MECO-1202*
Deprec Accrual Reclass related to Cost of Removal ¹		2,763	(2,763)	0	MECO-WP-1207
Retirements ²	(1,269)	1,269		0	MECO-1202*
Estimated Balances - 12/31/07	<u>740,530</u>	<u>(301,645)</u>	<u>(35,053)</u>	<u>403,832</u>	
AVERAGE 2007 BALANCE				<u><u>398,837</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹ Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Working Cash Study
Fuel Payment Lag-Maui Division

Source: Per Supporting Worksheets.

	Test Year Expense (\$ 000's)	% of Total	Payment Lag Days	Check Clearing Lag Days	Total Payment Lag Days	Weighted Average
	Note A		MECO-WP-1507, p. 2-5	Note B		
Chevron	\$43,053	26%	19	0	19	5 days
Tesoro	\$123,215	74%	14	0	14	11 days
			JUNE 2007 UPDATE, MECO T- 15, p. 26			
Biodiesel (Note C)	\$239	0%	24	4	28	days
Maui Oil Company	\$18	0%	18	2	20	days
TOTAL	<u>\$166,525</u>	<u>100%</u>				

Fuel Payment Lag	16 days
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NOTE: Totals may not add exactly due to rounding.

Note A: Payments for test year per Generation Planning Division.

Note B: Chevron and Tesoro are paid by wire transfer therefore, no check clearing lag.

Note C: Biodiesel is provided by Pacific Biodiesel. Payment lag is based on 2006 payments as shown on page 26.

Maui Electric Company, Ltd.

Working Cash Study

Fuel Payment Lag - Maui Division

Source: 2006 actual payments per Ellipse

SERVICE PERIOD (Delivery dates)		AVE SERVICE PERIOD (DAYS)	PAYMENT DATE	END DATE TO PAY DATE (DAYS)	PAYMENT LAG (DAYS)	DATE CHECK CLEARED	CHECK CLEARING LAG (DAYS)	TOTAL LAG (DAYS)	
PACIFIC BIODIESEL INC.	BEGIN END								
	3/20/06	3/20/06	0.5	4/20/06	30.5	31.0	4/25/2006	5.0	36.0
	4/18/06	4/18/06	0.5	5/9/06	20.5	21.0	5/12/2006	3.0	24.0
	4/18/06	4/18/06	0.5	5/9/06	20.5	21.0	5/12/2006	3.0	24.0
	4/21/06	4/21/06	0.5	5/2/06	10.5	11.0	5/8/2006	6.0	17.0
	4/25/06	4/25/06	0.5	5/16/06	20.5	21.0	5/19/2006	3.0	24.0
	4/28/06	4/28/06	0.5	5/23/06	24.5	25.0	5/26/2006	3.0	28.0
	5/12/06	5/12/06	0.5	6/20/06	38.5	39.0	6/22/2006	2.0	41.0
	6/8/06	6/8/06	0.5	6/29/06	20.5	21.0	7/5/2006	6.0	27.0
	6/16/06	6/16/06	0.5	7/11/06	24.5	25.0	7/19/2006	8.0	33.0
	7/6/06	7/6/06	0.5	7/27/06	20.5	21.0	7/31/2006	4.0	25.0
	7/14/06	7/14/06	0.5	8/10/06	26.5	27.0	8/14/2006	4.0	31.0
	8/17/06	8/17/06	0.5	8/31/06	13.5	14.0	9/5/2006	5.0	19.0
	9/15/06	9/15/06	0.5	9/28/06	12.5	13.0	10/2/2006	4.0	17.0
	9/26/06	9/26/06	0.5	10/12/06	15.5	16.0	10/18/2006	6.0	22.0
	10/6/06	10/6/06	0.5	10/26/06	19.5	20.0	10/31/2006	5.0	25.0
	10/18/06	10/18/06	0.5	11/14/06	26.5	27.0	11/21/2006	7.0	34.0
	11/22/06	11/22/06	0.5	12/14/06	21.5	22.0	12/20/2006	6.0	28.0
	11/24/06	11/24/06	0.5	12/19/06	24.5	25.0	12/27/2006	8.0	33.0
	12/1/06	12/1/06	0.5	12/21/06	19.5	20.0	12/27/2006	6.0	26.0
	12/4/06	12/4/06	0.5	12/21/06	16.5	17.0	12/27/2006	6.0	23.0
	12/11/06	12/11/06	0.5	12/28/06	16.5	17.0	1/8/2007	11.0	28.0
	12/21/06	12/21/06	0.5	1/11/07	20.5	21.0	1/18/2007	7.0	28.0
	12/22/06	12/22/06	0.5	1/18/07	26.5	27.0	1/23/2007	5.0	32.0
PACIFIC BIODIESEL INC. Payment Lag					24.1		3.6	27.7	

Maui Electric Company, Ltd.
Working Cash Study
O&M Non-Labor Payment Lag

Source:

Per Supporting Worksheets

	Test Year Expense (\$000's)	% of Total	Total Payment Lag Days	Weighted Average
	Note A		June 2007 Update MECO T-15, p.28.	
Pension Expense ¹	\$2,889	9%	14	1 days
OPEB Expense ²	\$787	2%	84	2 days
			MECO-WP-1507, p. 24-26	
Emission Fees ³	\$405	1%	306	4 days
EPRI Dues ⁴	\$222	1%	22	days
Other Non-Labor O&M ⁵	\$27,855	87%	32	28 days
	<u>\$32,158</u>	<u>100%</u>		

O&M Non-Labor Payment Lag	35 days
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NOTE: Totals may not add exactly due to rounding.

Note A

¹ Pension expense estimate based on updated 2007 Pension Accrual of \$4,013k (per June 2007 Update MECO T-10) x 72% (based on 2006 % of Employee Benefits charged to O&M expense).

² OPEB expense estimate based on updated 2007 OPEB expense of \$1,093k (per June 2007 Updated MECO T-10) x 72% (based on 2006 % of Employee Benefits charged to O&M expense).

³ Emission Fees per MECO T-5.

⁴ EPRI Dues per June 2007 Update MECO T-9.

⁵ Other Non-Labor O&M = Total O&M Non-Labor expense of \$32,158k, less other items noted above.

Maui Electric Company, Ltd.
Working Cash Study
Pension & OPEB Payment Lag

File: \\Msa003\rate case\Witnesses, Docket No. 2006-0387\June 2007 Update\T15Ohashi\T-15 June 2007 Update p 27-28 Non-Labor O&M.xlsSummary
Source: 2007 Payments and forecast payments. Information per Treasury wire transfer files.

PENSION

SERVICE PERIOD

	BEGIN	END	AVE SERVICE PERIOD (DAYS)	PAYMENT DATE ¹	END DATE TO PAY DATE (DAYS)	PAYMENT LAG DAYS
January	1/1/07	1/31/07	15.5	1/31/07	(0.5)	15.0
February	2/1/07	2/28/07	14.0	2/28/07	(0.5)	13.5
March	3/1/07	3/31/07	15.5	3/30/07	(1.5)	14.0
April	4/1/07	4/30/07	15.0	4/30/07	(0.5)	14.5
May	5/1/07	5/31/07	15.5	5/31/07	(0.5)	15.0
June	6/1/07	6/30/07	15.0	6/29/07	(1.5)	13.5
July	7/1/07	7/31/07	15.5	7/31/07	(0.5)	15.0
August	8/1/07	8/31/07	15.5	8/31/07	(0.5)	15.0
September	9/1/07	9/30/07	15.0	9/28/07	(2.5)	12.5
October	10/1/07	10/31/07	15.5	10/31/07	(0.5)	15.0
November	11/1/07	11/30/07	15.0	11/30/07	(0.5)	14.5
December	12/1/07	12/31/07	15.5	12/28/07	(3.5)	12.0

Pension Payment Lag

14.1

OPEB

SERVICE PERIOD

	BEGIN	END	AVE SERVICE PERIOD (DAYS)	PAYMENT DATE ²	END DATE TO PAY DATE (DAYS)	PAYMENT LAG DAYS	INVOICE (\$)	WEIGHTED AVERAGE
January	1/1/07	1/31/07	15.5	3/30/07	57.5	73.0	12,500	912,500
	1/1/07	1/31/07	15.5	6/29/07	148.5	164.0	99,499	16,317,836
February	2/1/07	2/28/07	14.0	3/30/07	29.5	43.5	12,500	543,750
	2/1/07	2/28/07	14.0	6/29/07	120.5	134.5	99,499	13,382,616
March	3/1/07	3/31/07	15.5	3/30/07	(1.5)	14.0	12,500	175,000
	3/1/07	3/31/07	15.5	6/29/07	89.5	105.0	99,499	10,447,395
April	4/1/07	4/30/07	15.0	6/29/07	59.5	74.5	12,500	931,250
	4/1/07	4/30/07	15.0	6/29/07	59.5	74.5	99,499	7,412,676
May	5/1/07	5/31/07	15.5	6/29/07	28.5	44.0	12,500	550,000
	5/1/07	5/31/07	15.5	6/29/07	28.5	44.0	99,499	4,377,956
June	6/1/07	6/30/07	15.0	6/29/07	(1.5)	13.5	12,500	168,750
	6/1/07	6/30/07	15.0	6/29/07	(1.5)	13.5	99,499	1,343,237
July	7/1/07	7/31/07	15.5	9/28/07	58.5	74.0	12,500	925,000
	7/1/07	7/31/07	15.5	12/28/07	149.5	165.0	99,499	16,417,335
August	8/1/07	8/31/07	15.5	9/28/07	27.5	43.0	12,500	537,500
	8/1/07	8/31/07	15.5	12/28/07	118.5	134.0	99,499	13,332,866
September	9/1/07	9/30/07	15.0	9/28/07	(2.5)	12.5	12,500	156,250
	9/1/07	9/30/07	15.0	12/28/07	88.5	103.5	99,499	10,298,147
October	10/1/07	10/31/07	15.5	12/28/07	57.5	73.0	12,500	912,500
	10/1/07	10/31/07	15.5	12/28/07	57.5	73.0	99,499	7,263,427
November	11/1/07	11/30/07	15.0	12/28/07	27.5	42.5	12,500	531,250
	11/1/07	11/30/07	15.0	12/28/07	27.5	42.5	99,499	4,228,708
December	12/1/07	12/31/07	15.5	12/28/07	(3.5)	12.0	12,500	150,000
	12/1/07	12/31/07	15.5	12/28/07	(3.5)	12.0	99,507	1,194,084
							1,343,996	112,510,031

OPEB Payment Lag

83.7

¹ HECO is currently not making pension payments however, is anticipating making monthly payments upon adoption of the pension tracking mechanism. Dates listed are the dates the pension payments would have been or will be wired if the pension tracking mechanism is implemented.

² HECO is currently making quarterly OPEB payments. Dates listed are the dates in the test year the OPEB payment was wired or is scheduled to be wired.

Maui Electric Company, Ltd.
Working Cash Study
Pension Amortization Payment Lag

File: \\Msa003\rate case\Witnesses, Docket No. 2006-0387\June 2007 Update\T15Ohashi\T-15 June 2007 Update p.29 Pension amortization.xls\Surr
Source: Per Supporting Worksheets

	Test Year Expense (\$000's)	% of Total	Total Payment Lag Days	Weighted Average
	Note A			
Pension Amortization ¹	\$242	100%	0	
	\$242	100%		

Payment Lag	days
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NOTE: Totals may not add exactly due to rounding.

Note A

¹ Pension amortization expense estimate per June 2007 Update MECO T-9.

Maui Electric Company, Ltd.
Lanai Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	29,593	(13,643)	0	15,950	
ESTIMATED CHANGES in 2007:					
Net Plant Additions	304			304	MECO-1401*
Cost of Removal		54		54	MECO-1202*
Salvage				0	MECO-1202*
Depreciation Accrual		(1,359)		(1,359)	MECO-1202*
Deprec Accrual Reclass related to Cost of Removal ¹				0	
Retirements ²	(1)	1		0	MECO-1202*
Estimated Balances - 12/31/07	29,896	(14,947)	0	14,949	
AVERAGE 2007 BALANCE				<u><u>15,450</u></u>	

NOTE: Totals may not add exactly due to rounding.

¹Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.

Maui Electric Company, Ltd.
Molokai Division
Net Cost of Plant in Service
(\$ in thousands)

	<u>Original Cost</u>	<u>Accum Deprec</u>	<u>Removal Reg Liability</u>	<u>Net Plant In Service</u>	<u>MECO Reference</u>
Recorded Balances - 12/31/06	34,486	(15,783)	0	18,703	
ESTIMATED CHANGES in 2007:					
Net Plant Additions	95			95	MECO-1401*
Cost of Removal		40		40	MECO-1202*
Salvage		(4)		(4)	MECO-1202*
Depreciation Accrual		(1,292)		(1,292)	MECO-1202*
Deprec Accrual Reclass related to Cost of Removal ¹				0	
Retirements ²	(44)	44		0	MECO-1202*
Estimated Balances - 12/31/07	34,537	(16,995)	0	17,542	
AVERAGE 2007 BALANCE				<u>18,123</u>	

NOTE: Totals may not add exactly due to rounding.

¹Represents the amount of removal costs that has been included in the depreciation expense that will be reclassified as a liability for financial statement purposes.

² Original cost of estimated retirements for the respective year.

* Reference to June 2007 Update.